

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AGRE-00 AID-05 EB-08 INR-10 COME-00  
TRSE-00 CIAE-00 NSAE-00 L-03 /037 W  
-----005273 161107Z /11  
P 161027Z MAR 78  
FM AMEMBASSY DACCA  
TO SECSTATE WASHDC PRIORITY 4896

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PASS USDA

PASS AID/ASIA/BIS

E.O. 11652: N/A  
TAGS: EAID, BG, US, EAGR  
SUBJ: BANGLADESH COTTON PURCHASES FROM PAKISTAN

REF: STATE 61151

1. WE HAVE CONFIRMED THAT BANGLADESH TEXTILE MILLS CORPORA-  
TIONS (BTMC) HAS SIGNED AN AGREEMENT TO BUY 50,000 BALES OF  
COTTON FROM PAKISTAN THIS YEAR. THE AGREEMENT WAS SIGNED  
IN DACCA FEB 10 AFTER TALKS BETWEEN BTMC OFFICIALS  
AND A DELEGATION FROM THE COTTON EXPORT CORPORATION OF  
PAKISTAN. THE PURCHASE IS THE FIRST OF ITS KIND SINCE BANGLADESH'S  
INDEPENDENCT. THE AGREEMENT IS AN OUTGROWTH OF PRESIDENT  
ZIA'S RECENT VISIT TO PAKISTAN AND BDG/GOP UNDERTAKING TO  
INCREASE BILATERAL TRADE. (IN FY 1977 BANGLADESH'S EXPORTS  
TO PAKINSTAN WERE \$23.9 MILLION; IMPORTS WERE ONLY \$7  
MILLION.)

2. ACCORDING TO BTMC AND LOCAL BUSINESS SOURCES, 28,000  
OF THE 50,000 BALES WILL BE PURCHASED FOR CASH. BTMC  
HAS NOT YET LINED UP FINANCING FOR THE ADDITIONAL  
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22,000 BALES. (NOTE: IF IDA OR OTHER UNITED INTER-  
NATIONAL CREDITS ARE USED, INTERNATIONAL TENDERS WOULD  
BE REQUIRED AND PAKISTANI COTTON MIGHT NOT BE COM-  
PETITIVE AT THE REPORTED PRICES.)

3. WE HAVE LEARNED FROM TRADE SOURCES THAT THE  
28,000 BALES TO BE PURCHSED FOR CASH ARE 7/8-

INCH STAPLE LENGTH COTTON AT 49 CENTS/POUND (FOB KARACHI). ADDITIONAL 22,000 BALES WILL BE 15/16-INCH STAPLE LENGTH AT 49.5 CENTS/POUND (FOB KARACHI). SHIPPING COSTS FROM KARACHI ARE ESTIMATED AT 2.7 CENTS/POUND; THUS ACCORDING TO OCAL BROKERS THE CIF CHITTAGONG PRICE DOES NOT DIFFER SIGNIFICANTLY FROM THE CIF CHITTAGONG PRICE OF U.S. COTTON WHICH IS APPROXIMATELY 52.5 CENTS/POUND FOR 15/16-INCH COTTON. THE PAKISTANI COTTON IS REPORTED TO BE OF RELATIVELY LOW MICRONAIRE.

4. ON MARCH 2, PRIOR TO RECEIVING REFTTEL, EMBOFF AND AGATT CALLED ON BTMC MARKETING DIRECTOR AND INFORMED HIM OF APPARENT INCOMPATIBILITY BETWEEN THE AGREEMENT TO PURCHASE COTTON FROM PAKISTAN AND BDG'S UNDERTAKINGS TO AFFORD U.S. SUPPLIERS OPPORTUNITY TO COMPETE FOR SALES UNDER INTERNATIONAL TENDER AND TO ESTABLISH A TIED UMR IF COTTON IS PURCHASED WITH FREE FOREIGN EXCHANGE.

5. ON MARCH 16 USAID DIRECTOR WROTE TO PLANNING SECRETARY SEEKING CLARIFICATION OF APPARENT DISCREPANCY BETWEEN THE PAKISTANI COTTON PURCHASE AND THE BDG'S UNDERTAKINGS IN TITLE I AGREEMENT, AS WELL AS OTHER PROBLEMS CONCERNING COMPLIANCE WITH SELF-HELP REQUIREMENTS IN THE FOODGRAIN AREA. TEXT OF LETTER BEING TRANSMITTED SEPTTEL. WE HAVE ALSO ASKED BTMC TO PROVIDE LIMITED OFFICIAL USE

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INFORMATION ON COTTON ALREADY PROCURED OR TO BE PROCURED THIS FISCAL YEAR THROUGH COMMERCIAL CHANNELS FROM U.S. SOURCES.  
BERGESEN

NOTE BY OC/T: MESSAGE DELAYED IN TRANSMISSION.

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NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COTTON, AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 mar 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Handling Restrictions:** ONLY  
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**Review Event:**  
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**Subject:** BANGLADESH COTTON PURCHASES FROM PAKISTAN  
**TAGS:** EAID, EAGR, BG, US  
**To:** STATE  
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**Review Markings:**  
Sheryl P. Walter  
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